

SENATE BILL 725

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C4

2003 Regular Session  
(31r2543)

**ENROLLED BILL**  
-- Finance/Economic Matters --

Introduced by **Senator Kelley**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
President.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Private Passenger Motor Vehicle Insurance - Underwriting Standards -**  
3 **Statistical Validation**

4 FOR the purpose of ~~expanding~~ *clarifying* a certain provision of law relating to  
5 underwriting standards for private passenger motor vehicle insurance;  
6 providing that underwriting standards that are reasonably related to an  
7 insurer's economic and business purposes and do not require statistical  
8 validation include a conviction of the named insured or a covered driver under a  
9 private passenger motor vehicle insurance policy of a violation of certain  
10 prohibitions against driving or attempting to drive while under the influence of  
11 alcohol or alcohol per se, or while impaired by ~~alcohol~~, drugs, drugs and alcohol,  
12 or certain controlled dangerous substances; and generally relating to  
13 underwriting standards for private passenger motor vehicle insurance.

14 BY repealing and reenacting, without amendments,  
15 Article - Insurance  
16 Section 27-501(a)(2)

1 Annotated Code of Maryland  
2 (2002 Replacement Volume and 2002 Supplement)

3 BY repealing and reenacting, with amendments,  
4 Article - Insurance  
5 Section 27-501(1)(1)  
6 Annotated Code of Maryland  
7 (2002 Replacement Volume and 2002 Supplement)

8 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
9 MARYLAND, That the Laws of Maryland read as follows:

10 **Article - Insurance**

11 27-501.

12 (a) (2) Except as provided in this section, an insurer or insurance producer  
13 may not cancel or refuse to underwrite or renew a particular insurance risk or class of  
14 risk except by the application of standards that are reasonably related to the insurer's  
15 economic and business purposes.

16 (l) (1) In the case of private passenger motor vehicle insurance, standards  
17 reasonably related to the insurer's economic and business purposes under subsection  
18 (a)(2) of this section include, but are not limited to, the following and do not require  
19 statistical validation:

20 (i) a material misrepresentation in connection with the  
21 application, policy, or presentation of a claim;

22 (ii) nonpayment of premium;

23 (iii) subject to § 27-606 of this title, revocation or suspension of the  
24 driver's license or motor vehicle registration within the preceding 2-year period:

25 1. of the named insured or covered driver under the policy;  
26 and

27 2. for reasons related to the driving record of the driver;

28 (iv) subject to § 27-606 of this title, two or more motor vehicle  
29 accidents or any combination of three or more accidents and moving violations within  
30 the preceding 3-year period for which the insured was at fault for the accidents;

31 (v) subject to § 27-606 of this title, three or more moving violations  
32 against the insured or a covered driver under the policy within the preceding 2-year  
33 period;

34 (vi) subject to § 27-606 of this title, conviction of the named insured  
35 or a covered driver under the policy of any of the following:

